

SENATE BILL NO. 42

INTRODUCED BY R. DRISCOLL

BY REQUEST OF THE OFFICE OF PUBLIC INSTRUCTION

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR AN INCREASE IN THE BASIC ENTITLEMENT, THE PER-ANB ENTITLEMENT, THE TOTAL AMERICAN INDIAN ACHIEVEMENT GAP PAYMENT, THE TOTAL INDIAN EDUCATION FOR ALL PAYMENT, AND THE QUALITY EDUCATOR PAYMENT; PROVIDING A BASIC ENTITLEMENT FOR EACH SCHOOL PROGRAM IN A SCHOOL DISTRICT; PROVIDING AN INCREASE OF THE AVERAGE NUMBER BELONGING DUE TO AN UNUSUAL ENROLLMENT INCREASE OF THE LESSER OF 6% OR 40 STUDENTS; AMENDING SECTIONS 20-7-102, 20-9-306, AND 20-9-314, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 20-7-102, MCA, is amended to read:

"20-7-102. Accreditation of schools. (1) The conditions under which each elementary school, each middle school, each junior high school, 7th and 8th grades funded at high school rates, and each high school operates must be reviewed by the superintendent of public instruction to determine compliance with the standards of accreditation. The accreditation status of each school must then be established by the board of public education upon the recommendation of the superintendent of public instruction. Notification of the accreditation status for the applicable school year or years must be given to each district by the superintendent of public instruction.

(2) A school may be accredited for a period consisting of 1, 2, 3, 4, or 5 school years, except that multiyear accreditation may be granted only to schools that are in compliance with 20-4-101.

(3) A nonpublic school may, through its governing body, request that the board of public education accredit the school. Nonpublic schools may be accredited in the same manner as provided in subsection (1).

(4) As used in this section, "7th and 8th grades funded at high school rates" means an elementary school district or K-12 district elementary program whose 7th and 8th grades are funded as provided in ~~20-9-306(14)(c)(ii)~~ 20-9-306(13)(c)(ii)."

1 **Section 2.** Section 20-9-306, MCA, is amended to read:

2 **"20-9-306. Definitions.** As used in this title, unless the context clearly indicates otherwise, the following
3 definitions apply:

4 (1) "BASE" means base amount for school equity.

5 (2) "BASE aid" means:

6 (a) direct state aid for 44.7% of the basic entitlement and 44.7% of the total per-ANB entitlement for the
7 general fund budget of a district;

8 (b) guaranteed tax base aid for an eligible district for any amount up to 35.3% of the basic entitlement,
9 up to 35.3% of the total per-ANB entitlement budgeted in the general fund budget of a district, and 40% of the
10 special education allowable cost payment;

11 (c) the total quality educator payment;

12 (d) the total at-risk student payment;

13 (e) the total Indian education for all payment; and

14 (f) the total American Indian achievement gap payment.

15 (3) "BASE budget" means the minimum general fund budget of a district, which includes 80% of the basic
16 entitlement, 80% of the total per-ANB entitlement, 100% of the total quality educator payment, 100% of the total
17 at-risk student payment, 100% of the total Indian education for all payment, 100% of the total American Indian
18 achievement gap payment, and 140% of the special education allowable cost payment.

19 (4) "BASE budget levy" means the district levy in support of the BASE budget of a district, which may
20 be supplemented by guaranteed tax base aid if the district is eligible under the provisions of 20-9-366 through
21 20-9-369.

22 (5) "BASE funding program" means the state program for the equitable distribution of the state's share
23 of the cost of Montana's basic system of public elementary schools and high schools, through county equalization
24 aid as provided in 20-9-331 and 20-9-333 and state equalization aid as provided in 20-9-343, in support of the
25 BASE budgets of districts and special education allowable cost payments as provided in 20-9-321.

26 (6) "Basic entitlement" means:

27 (a) for each high school ~~district~~ program:

28 (i) ~~\$256,003~~ \$264,558 for fiscal year ~~2012~~ 2014; and

29 (ii) ~~\$260,099~~ \$270,061 for each succeeding fiscal year;

30 (b) for each elementary school program ~~district or K-12 district elementary program without an approved~~

and accredited junior high school, 7th and 8th grade program, or middle school:

(i) ~~\$23,033~~ \$23,803 for fiscal year ~~2012~~ 2014;

(ii) ~~\$23,402~~ \$24,298 for each succeeding fiscal year; and

(c) for each ~~elementary school district or K-12 district elementary program with an approved and~~
~~accredited~~ junior high school, 7th and 8th grade program, or middle school program approved and accredited by
the board of public education:

(i) for kindergarten through grade 6 elementary program:

——— (A) ~~\$23,033~~ for fiscal year ~~2012~~; and

——— (B) ~~\$23,402~~ for each succeeding fiscal year; plus

(ii) for an approved and accredited junior high school program, 7th and 8th grade program, or middle
 school:

——— (A)(i) ~~\$65,231~~ \$67,411 for fiscal year ~~2012~~ 2014; and

(B)(ii) ~~\$66,275~~ \$68,813 for each succeeding fiscal year.

(7) "Budget unit" means the unit for which the ANB of a district is calculated separately pursuant to
 20-9-311.

(8)(7) "Direct state aid" means 44.7% of the basic entitlement and 44.7% of the total per-ANB entitlement
 for the general fund budget of a district and funded with state and county equalization aid.

(9)(8) "Maximum general fund budget" means a district's general fund budget amount calculated from
 the basic entitlement for the district, the total per-ANB entitlement for the district, the total quality educator
 payment, the total at-risk student payment, the total Indian education for all payment, the total American Indian
 achievement gap payment, and the greater of:

(a) 175% of special education allowable cost payments; or

(b) the ratio, expressed as a percentage, of the district's special education allowable cost expenditures
 to the district's special education allowable cost payment for the fiscal year that is 2 years previous, with a
 maximum allowable ratio of 200%.

(10)(9) "Over-BASE budget levy" means the district levy in support of any general fund amount budgeted
 that is above the BASE budget and below the maximum general fund budget for a district.

(11)(10) "Total American Indian achievement gap payment" means the payment resulting from multiplying
~~\$200 times~~ the number of American Indian students enrolled in the district as provided in 20-9-330 by \$202 for
fiscal year 2014 and \$206 for each succeeding fiscal year.

(12)(11) "Total at-risk student payment" means the payment resulting from the distribution of any funds appropriated for the purposes of 20-9-328.

(13)(12) "Total Indian education for all payment" means the payment resulting from multiplying ~~\$20.40~~ \$21 times the ANB of the district or \$100 for each district, whichever is greater, as provided for in 20-9-329.

(14)(13) "Total per-ANB entitlement" means the district entitlement resulting from the following calculations and using either the current year ANB or the 3-year ANB provided for in 20-9-311:

(a) for a high school district or a K-12 district high school program, a maximum rate of ~~\$6,343~~ \$6,555 for fiscal year ~~2012~~ 2014 and ~~\$6,444~~ \$6,691 for each succeeding fiscal year for the first ANB, decreased at the rate of 50 cents per ANB for each additional ANB of the district up through 800 ANB, with each ANB in excess of 800 receiving the same amount of entitlement as the 800th ANB;

(b) for an elementary school district or a K-12 district elementary program without an approved and accredited junior high school, 7th and 8th grade program, or middle school, a maximum rate of ~~\$4,955~~ \$5,120 for fiscal year ~~2012~~ 2014 and ~~\$5,034~~ \$5,226 for each succeeding fiscal year for the first ANB, decreased at the rate of 20 cents per ANB for each additional ANB of the district up through 1,000 ANB, with each ANB in excess of 1,000 receiving the same amount of entitlement as the 1,000th ANB; and

(c) for an elementary school district or a K-12 district elementary program with an approved and accredited junior high school, 7th and 8th grade program, or middle school, the sum of:

(i) a maximum rate of ~~\$4,955~~ \$5,120 for fiscal year ~~2012~~ 2014 and ~~\$5,034~~ \$5,226 for each succeeding fiscal year for the first ANB for kindergarten through grade 6, decreased at the rate of 20 cents per ANB for each additional ANB up through 1,000 ANB, with each ANB in excess of 1,000 receiving the same amount of entitlement as the 1,000th ANB; and

(ii) a maximum rate of ~~\$6,343~~ \$6,555 for fiscal year ~~2012~~ 2014 and ~~\$6,444~~ \$6,691 for each succeeding fiscal year for the first ANB for grades 7 and 8, decreased at the rate of 50 cents per ANB for each additional ANB for grades 7 and 8 up through 800 ANB, with each ANB in excess of 800 receiving the same amount of entitlement as the 800th ANB.

(15)(14) "Total quality educator payment" means the payment resulting from multiplying ~~\$3,036~~ \$3,069 for fiscal year ~~2008~~ 2014 and ~~\$3,042~~ \$3,133 for each succeeding fiscal year times the number of full-time equivalent educators as provided in 20-9-327."

Section 3. Section 20-9-314, MCA, is amended to read:

1 **"20-9-314. Procedures for determining eligibility and amount of increased average number**
2 **belonging due to unusual enrollment increase.** A district that anticipates an unusual increase in enrollment
3 in the ensuing school fiscal year, as provided for in 20-9-313(1)(d), may increase its basic entitlement and total
4 per-ANB entitlement for the ensuing school fiscal year in accordance with the following provisions:

5 (1) Prior to June 1, the district shall estimate the elementary or high school enrollment to be realized
6 during the ensuing school fiscal year, based on as much factual information as may be available to the district.

7 (2) No later than June 1, the district shall submit its application for an unusual enrollment increase by
8 elementary or high school level to the superintendent of public instruction. The application must include:

9 (a) the enrollment for the current school fiscal year;

10 (b) the average number belonging used to calculate the basic entitlement and total per-ANB entitlement
11 for the current school fiscal year;

12 (c) the average number belonging that will be used to calculate the basic entitlement and total per-ANB
13 entitlement for the ensuing school fiscal year;

14 (d) the estimated enrollment, including the factual information on which the estimate is based, as
15 provided in subsection (1); and

16 (e) any other information or data that may be requested by the superintendent of public instruction.

17 (3) The superintendent of public instruction shall immediately review all the factors of the application and
18 shall approve or disapprove the application or adjust the estimated average number belonging for the ensuing
19 ANB calculation period. After approving an estimate, with or without adjustment, the superintendent of public
20 instruction shall:

21 (a) determine the percentage by which the estimated enrollment exceeds the enrollment used for the
22 budgeted ANB; and

23 (b) approve an increase of the average number belonging used to establish the ensuing year's basic
24 entitlement and total per-ANB entitlement in accordance with subsection (5) if the increase in subsection (3)(a)
25 is at least 6% or 40 students, whichever is less.

26 (4) The superintendent of public instruction shall notify the district of the decision by the fourth Monday
27 in June.

28 (5) Whenever an unusual enrollment increase is approved by the superintendent of public instruction,
29 the increase of the average number belonging used to establish the basic entitlement and total per-ANB
30 entitlement for the ensuing ANB calculation period is determined using the difference between the enrollment for

1 the ensuing school fiscal year and the lesser of 40 students or 106% of the enrollment used to calculate the
2 budgeted ANB. The amount determined is the maximum allowable increase added to the average number
3 belonging for the purpose of establishing the ensuing year's basic entitlement and total per-ANB entitlement.

4 (6) (a) Any entitlement increases resulting from provisions of this section must be reviewed at the end
5 of the ensuing school fiscal year.

6 (b) If the actual enrollment is less than the enrollment used to determine the budgeted ANB, the
7 superintendent of public instruction shall revise the total per-ANB entitlement and basic entitlement calculations,
8 as provided in subsection (5), using the actual enrollment in place of the estimated enrollment. All total per-ANB
9 entitlements received by the district in excess of the revised entitlements are overpayments subject to the refund
10 provisions of 20-9-344(4)."

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12 **NEW SECTION. Section 4. Notification to tribal governments.** The secretary of state shall send a
13 copy of [this act] to each tribal government located on the seven Montana reservations and to the Little Shell
14 Chippewa tribe.

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16 **NEW SECTION. Section 5. Effective date -- applicability.** [This act] is effective July 1, 2013, and
17 applies to school budgets for school years beginning on or after July 1, 2013.

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